June 2020

**Annual Letter to Shareholders of the Anfield Capital Diversified Alternatives ETF (DALT)**

## General Update

The fiscal year ended April 30th, 2020 was a mixed year for the Anfield Capital Diversified Alternatives ETF ("DALT", "the Fund"). During this period, the Fund grew to $73 million in total assets under management, representing approximately 46% growth from April 2019's $50 million. However, performance was mixed as the coronavirus-driven sell-off in February and March 2020 among other factors erased what was a very strong calendar 2019 for the Fund, which is discussed in further detail below.

For the twelve-month period ended April 30th, 2020, DALT lost 21.60% on a total return basis, net of fees, while the MSCI AC World Index (ACWI) fell 4.96% and the Bloomberg Barclays Global Aggregate Bond Index (Global Agg) rose 6.56%. A 50% / 50% blend of the MSCI AC World Index and the Bloomberg Barclays Global Aggregate Bond Index rose approximately 0.80% over this same time period.

DALT had a very strong calendar 2019, returning 19.30% after fees, ranking in the top 5% of its peer group (Multialternative Morningstar peer group; 308 funds in 2019) according to Morningstar, although past performance is not a guarantee of future results. Calendar year 2019 performance was solid across the different portfolio allocations, with frontier technology, real estate, and business development companies / private equity (BDC / PE) leading the way.

## Coronavirus Performance Update

However, with the outbreak of the coronavirus in China, spreading to the US and the rest of the world in early 2020, markets became increasingly volatile and saw the S&P 500 fall from its peak of 3,386.15 on February 19th to a 2020 low of 2,237.40 on March 23rd, a fall of 33.92%, according to data from Bloomberg. The ACWI fell from 579.87 to 384.04 over the same period, a drop of 33.77%. Over this same period, DALT fell from 10.67 to 5.88, a decline of 44.89% (gross of dividends), well in excess of the S&P 500's and the ACWI's declines. Several of DALT's alternative sector allocations, which performed extremely well in 2019, dramatically underperformed during this same time period (peak to trough data below covers February 19th through March 23rd, 2020). This includes sectors such as:

- BDCs / PE – Liquid BDCs and private equity funds sold off sharply during the market drop. For example, the Wilshire BDC Total Return Index fell 57.15%. Similarly, the PE giant Blackstone Group saw its publicly traded stock fall 42.57%

- Real Estate – The Dow Jones US Real Estate fell 41.66%, while the largest US REIT ETF, the Vanguard US REIT ETF (VNQ), dropped 42.84% from peak to trough

- Alternative Credit – Several alternative credit closed-end funds (CEF) that DALT held during this period sold off sharply, including the PIMCO Corporate & Income Strategy Fund (PCN) and the PIMCO Income Opportunity Fund (PKO), which fell 50.30% and 48.94% from peak to trough, respectively. Part of the decline in these asset values was due to the inherent leverage in the CEF structure

## Portfolio Update and Current Positioning

In light of the price volatility that DALT exhibited during the coronavirus sell-off period, the portfolio management team took several steps to try and reduce the risk in the portfolio while also maintaining positions that have strong potential for future upside and price appreciation, although past performance is no guarantee of future results. Actions taken in March and April include:

- Reducing exposure to BDCs / PE in both March and April. The positions that remain in the portfolio consist of larger, more seasoned companies such as Blackstone and Ares Capital Corporation. Positions that were sold include Golub Capital BDC and New Mountain Finance Corporation

- Reducing exposure to real estate in March and April. The team believes that in good times, real estate tends to be less correlated with the market; however, during periods of extreme market distress, real estate can become "over-correlated" to equity markets with more dramatic price swings. In addition, in mid-May, the portfolio management team completely exited its broad US REIT exposure—expressed through VNQ—in favor of American Tower (AMT) and Crown Castle International (CCI). This trade was implemented because of the belief that AMT and CCI are better positioned to weather the current crisis than the broad real estate sector, as their focus is on wireless communications, broadcast towers, and other wireless-related infrastructure. Beyond the immediate impacts of COVID-19, these two REITs will likely benefit from the secular trend of wireless and telecom growth, including the transition to 5G both domestically and globally

- Increasing exposure to what tend to be lower volatility, lower risk positions. When exiting higher volatility positions such as BDCs / PE and real estate, the proceeds were rebalanced into what we believe to be lower risk positions that performed better during the sell-off to help hedge the downside risk, although past performance is not a guarantee of future performance. In addition, a portion of the proceeds was spent purchasing out of the money puts on the S&P 500 in an attempt to further hedge downside risk in the event of another downturn in the markets. Lastly, in mid-May, the portfolio management team also increased its allocation to the ProShares Long Online / Short Stores ETF (CLIX), which the Fund has held for over a year

Despite what we believe to be a material de-risking based upon historic volatility statistics that took place in the portfolio in March and April, DALT saw a very strong rebound from March 23rd to April 30th. For this period, DALT returned 31.81% after fees according to Bloomberg. Over the same time period, the S&P 500 returned 30.38% while the ACWI returned 24.60%. Although DALT still underperformed these two indices over the fiscal year in question, we are pleased with the strong rebound despite what we see as a de-risking of the portfolio. We believe markets have still yet to parse the full financial and economic impacts of coronavirus, and thus we have taken a conservative posture within the portfolio while still holding positions we believe have potential upside.

**Principal Investment Strategy**

DALT is an actively managed ETF and seeks to achieve its investment objective (growth and income) by investing primarily in alternative asset classes and securities that represent sectors, market segments or asset classes that do not represent the general investment universe. The Fund will implement this strategy primarily through investments in unaffiliated ETFs, closed-end funds, business development companies and real estate investment trusts. The market segments and alternative sectors represented in these securities will typically have a lower correlation to the general equity and fixed income markets and whose performance and volatility is affected by factors different from those that determine the general direction of the equity and fixed income markets.

Alternative sectors and asset class categories may include but are not limited to:

- Frontier technology companies at the forefront of major technical innovations
- Companies in frontier markets or involved in infrastructure development and resource exploitation
- Traditional alternatives such as real estate, private equity, private debt, and hedge funds
- Energy and commodity related securities
- Long and short volatility strategies & multi-asset / market neutral

On behalf of the entire staff at Anfield Capital Management and Regents Park Funds, we thank you for your continued support.

David Young, CFA
CEO & Founder

*The views in this report are those of the Fund's management. This report contains certain forward-looking statements about factors that may affect the performance of the Fund in the future. These statements are based on the Fund's management's predictions and* *expectations concerning certain future events such as the performance of the economy as a whole and of specific industry sectors. Management believes these forward-looking statements are reasonable, although they are inherently uncertain and difficult to predict.*

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